

TAJIKISTAN

- International boundary
- - Viloyati Autonomous (V.A.) or viloyat boundary
- National capital
- ⊙ Viloyati Autonomous (V.A.) or viloyat center
- ◆ Town or kishlak
- Main road
- - Secondary road
- ✈ Railroad
- ✈ Airport

The boundaries and names shown and the designations used on this map do not imply official endorsement or acceptance by the United Nations.

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Country Profile



- 93% of Terrain is Mountainous; 7% Arable Land
- Absolute Altitude from 300m to 7,495m
 - Can be detrimental to Road Quality making for costly maintenance and increasing investments required for construction of a public transport infrastructure
- Divided into 4 Administrative Regions

Region	Population of Region	Land Area (km ²)	Administrative Centre
Under Direct Republic Jurisdiction	1,338,000	28,400	Dushanbe
Khatlon	2,150,000	24,600	Kurgan-Tyube
Sugd	1,870,000	26,100	Khuzhand
Gorno-Badakhshan	206,000	63,700	Khorog

Country Profile

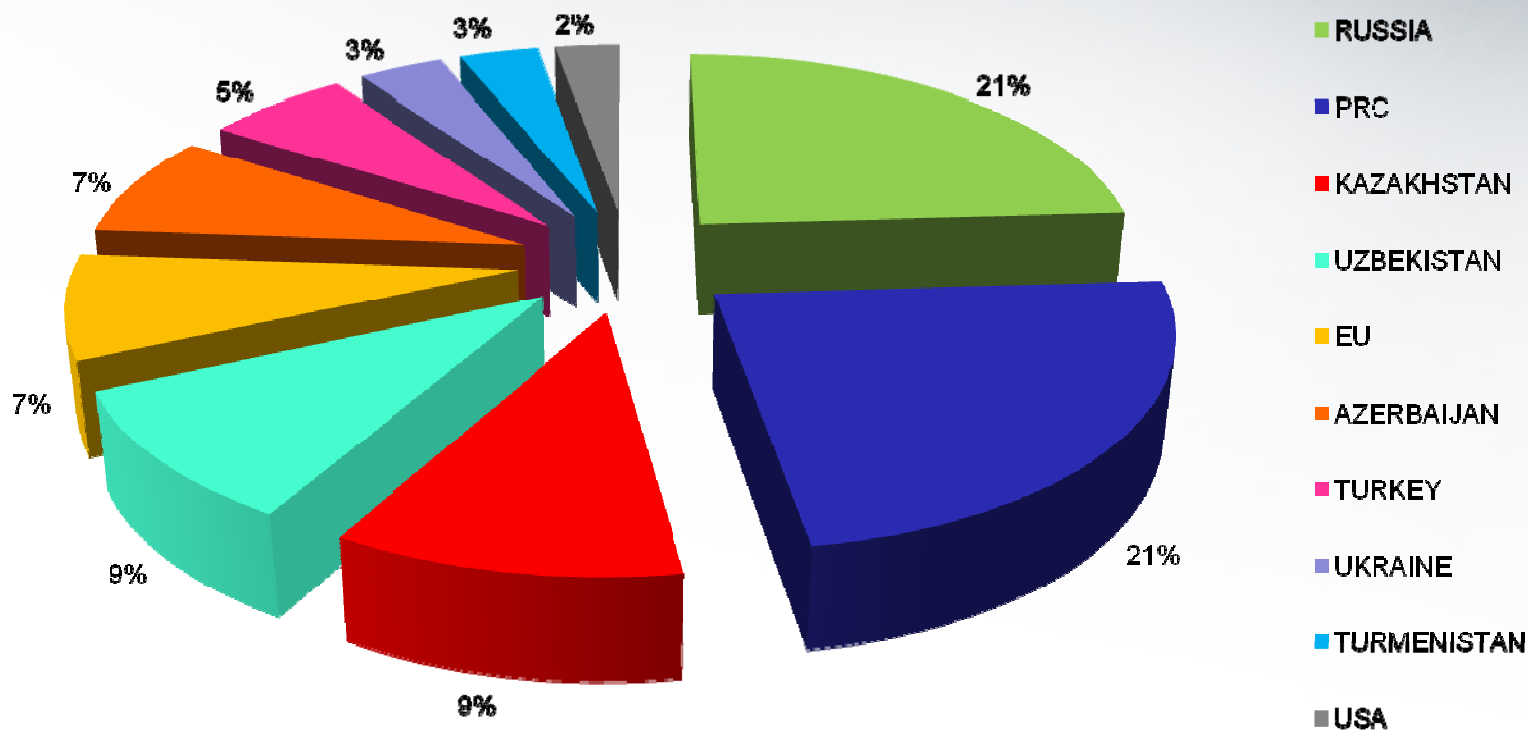


- Cotton is Most important Crop
- Natural resources of Mineral Deposits. Varied but Limited, including Silver, Gold, Uranium and Tungsten
- Aluminum Forms Key Export Product
- Strategic Location Lying at the crossroads of Russia, Central Asia and South Asia
- Vast Hydro-Electric Power Potential

IMPORTS BY COUNTRIES -2007



10 MAJOR IMPORT PARTNERS



Source : IMF, Direction of Trade Statistics

Main Products Imported

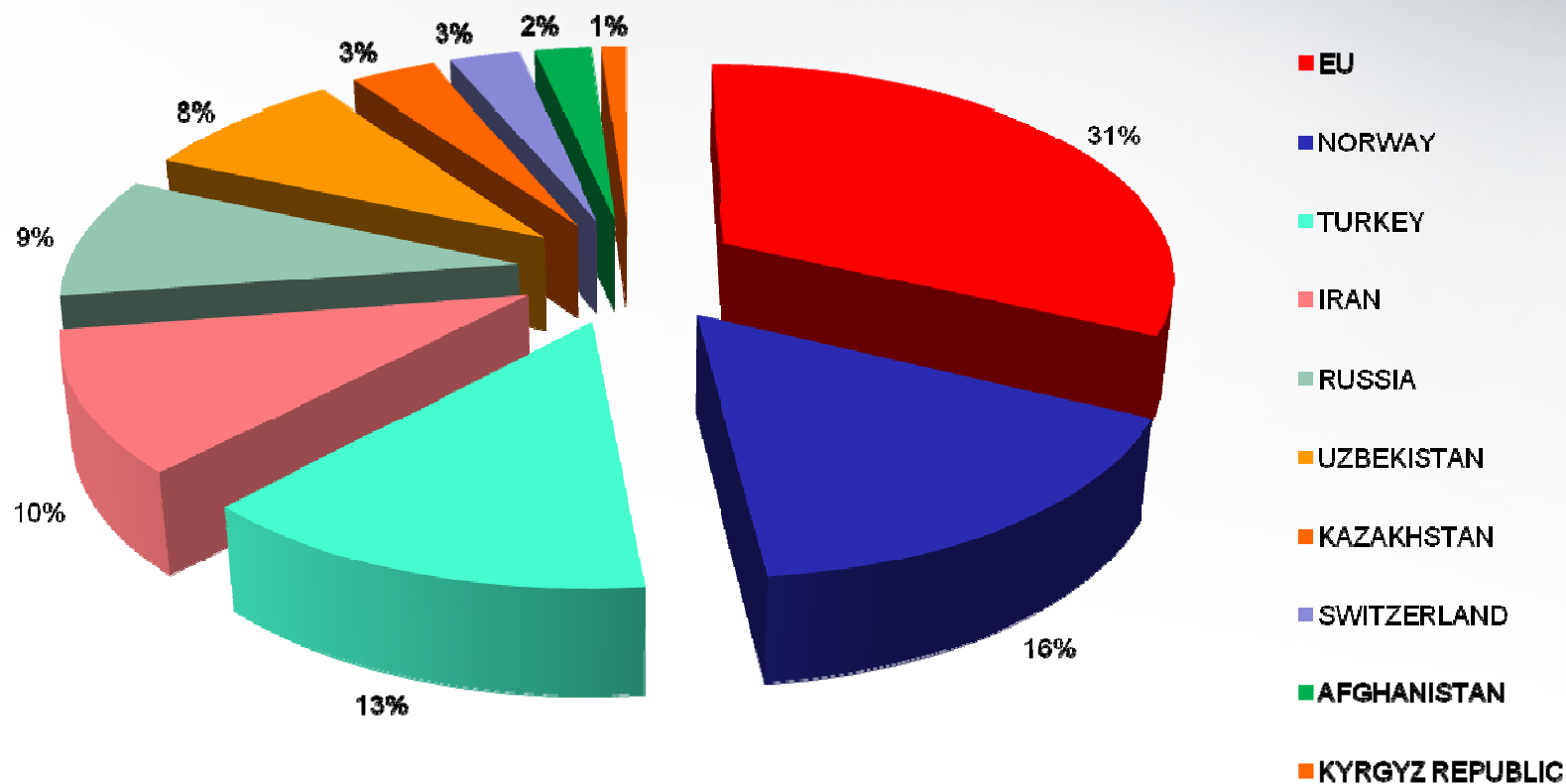


- **Foodstuffs**
- **Vehicles**
- **Petroleum Products**
- **Machinery and Equipment**
- **Electricity**

EXPORTS BY COUNTRIES -2007



10 MAJOR EXPORT PARTNERS



Main Products Exported

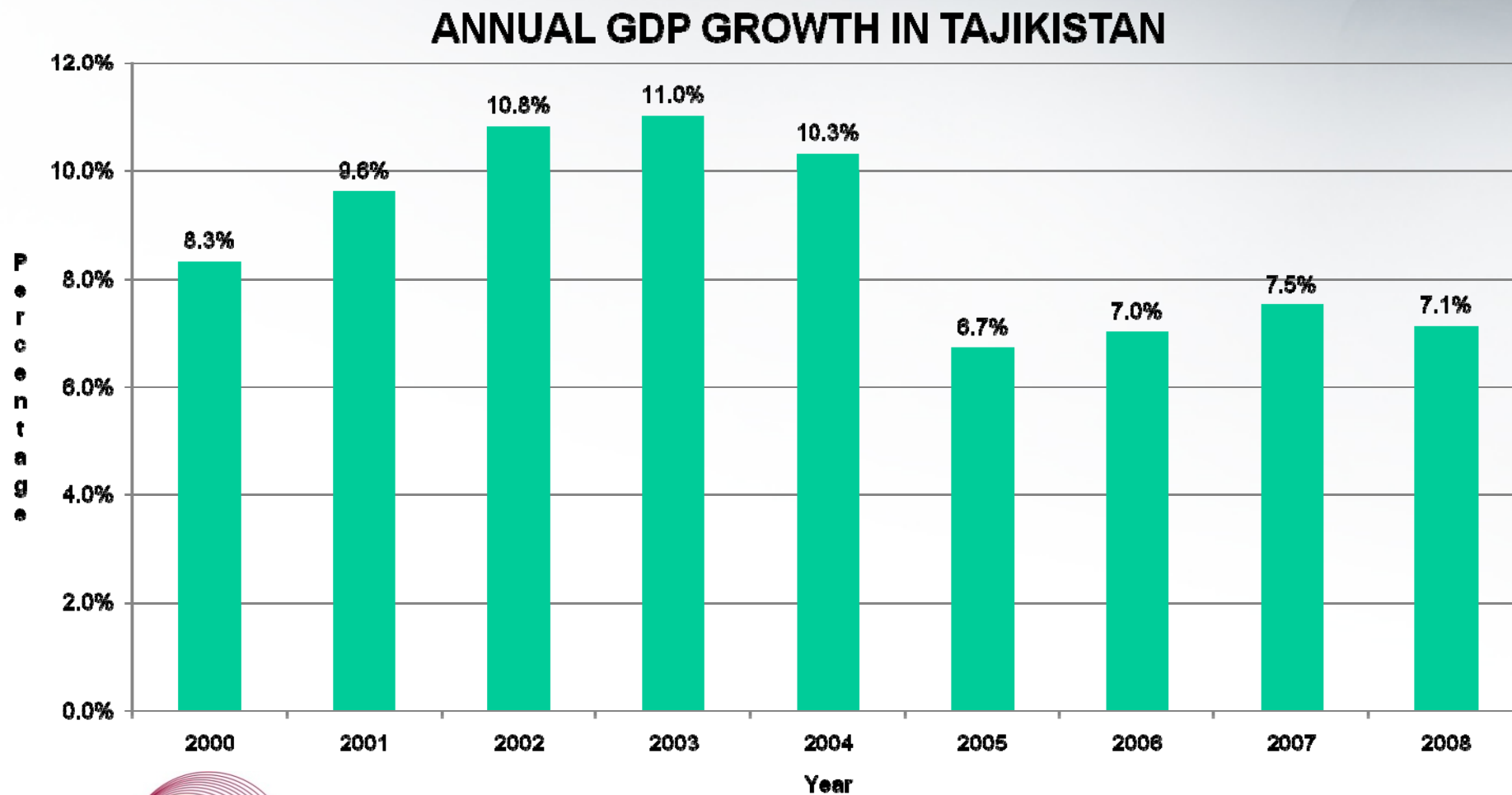


- ❖ **Aluminum**
- ❖ **Cotton**
- ❖ **Fruits Vegetable**
- ❖ **Textile**
- ❖ **Energy**

Domestic Economy



Annual Growth Rate – 2000 to 2008



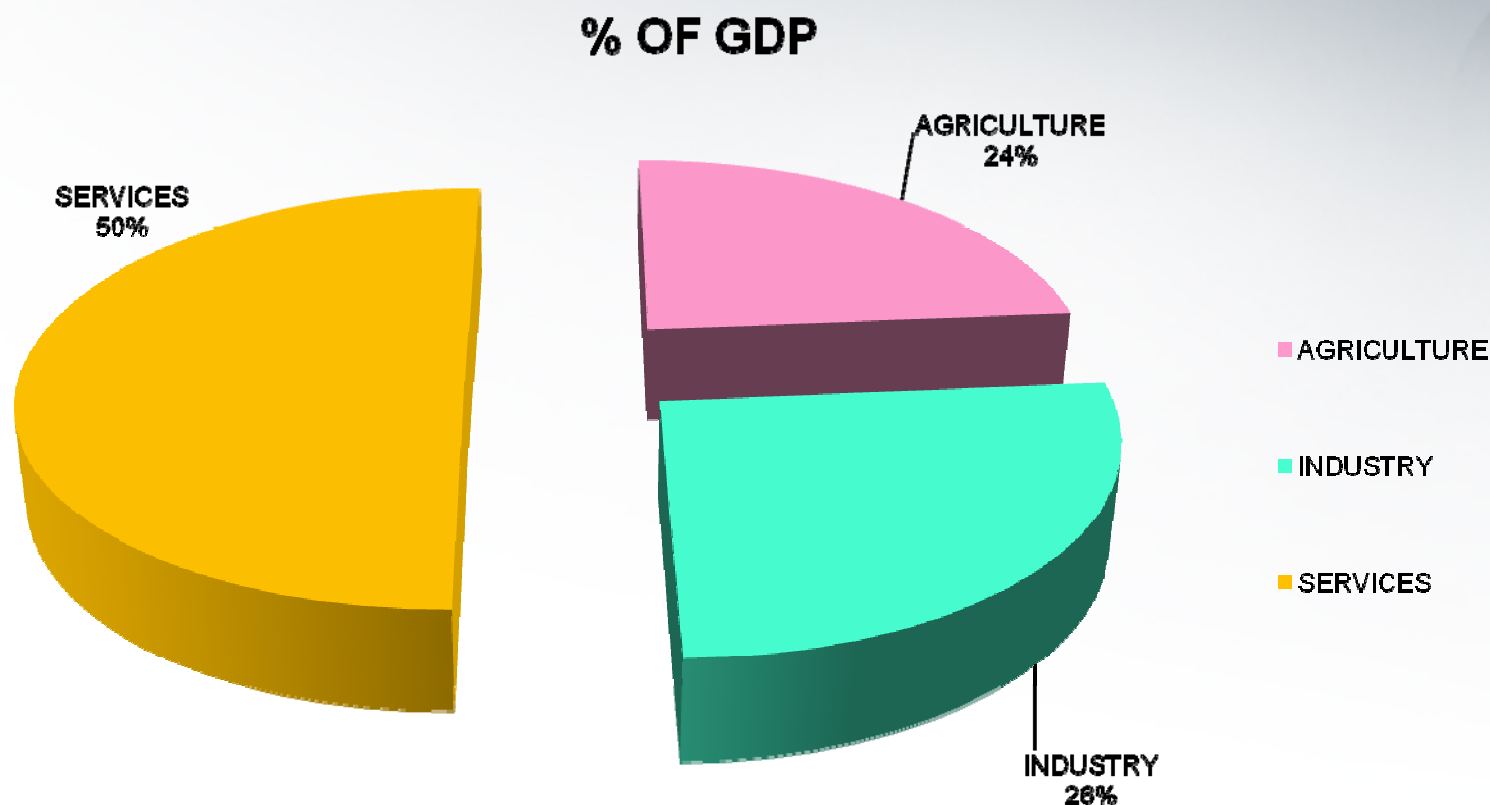
Domestic Economy



Rapid Increase in GDP owed to :

- Surge in aluminum prices riding on the commodities boom (demand for commodities especially base metals by PRC and India will continue to grow strongly)
- Soaring remittances by Tajik nationals working overseas
- A construction boom in the local economy that lifted domestic demand

Economic Structure - 2006



Source : *World bank, Tajikistan At A Glance*

Economic Structure



- **Agriculture Sector** contributes 24% to the GDP
- **Major Industries include** aluminum, zinc, lead, chemicals and fertilizers, cement, vegetable oil, metal-cutting machine tools, refrigerators and freezers
- **Manufacturing Sector is not well developed** - Capital and Consumer Goods Imported from EU, Russia and PRC
- Manufacturing Activities limited to Textiles, Chemicals & Fertilizers, and Pharmaceuticals

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Rail Transport



- The railway systems in Tajikistan is divided into two main sections, the north and south sections
- **They are not connected.** Total length of rail is 950.7km
 - Sugd region : 313.6km
 - Khatlon Region: 422.4km
 - Dushanbe Region : 214.7 km
- 617.5 km belong to the main line of railways
 - 555.7 km are single track
 - 62.1 km are double track.
- Gorno Badakhshan Region is without rail systems.

Rail Transport



Year	Local	Export	Import	Transit	Total
2004	135.4	977.3	3,108.4	8,047.2	12,268.3
2005	146.1	870.8	3,441.1	7,656.2	12,114.2
2006	148.4	945.6	4,242.6	8,607.2	13,943.8
Average	143.3	931.2	3,597.4	8,103.5	12,775.4
Average, %	1.12%	7.29%	28.16%	63.43%	

Volume of Cargoes Handled by Rail , units in '000 tons

Rail Transport



Year	Local	Export	Import	Transit	Total
2004	7.5	55.8	177.1	877.1	1,117.5
2005	7.6	45.2	178.4	834.5	1,065.7
2006	7.9	49.9	224.1	938.2	1,220.1
Average	7.7	50.3	193.2	883.3	1,134.4
Average, %	0,68%	4.43%	17.03%	77.86%	

Freight Turnover , Units in million tons-km

(Freight turnover defined by the freight tonnage transported multiplied by the distance travelled)



Rail Transport

- Transit traffic - majority share of overall rail freight traffic, in particular , north sector where Kanibadam and Khuzhand play a crucial role
- Products transported by rail are commodities related (high volume and low value)
- Key issues reducing efficiency of rail include :
 - Tracks poorly maintained
 - Upgrading require huge investment
 - Locomotives are old; cannot support higher speed & capacity
 - Pilferage and theft deters higher use of rail
- The north and south sections are not connected - need to traverse another country
- Construction of rails in the mountainous terrain will be an expensive endeavour.

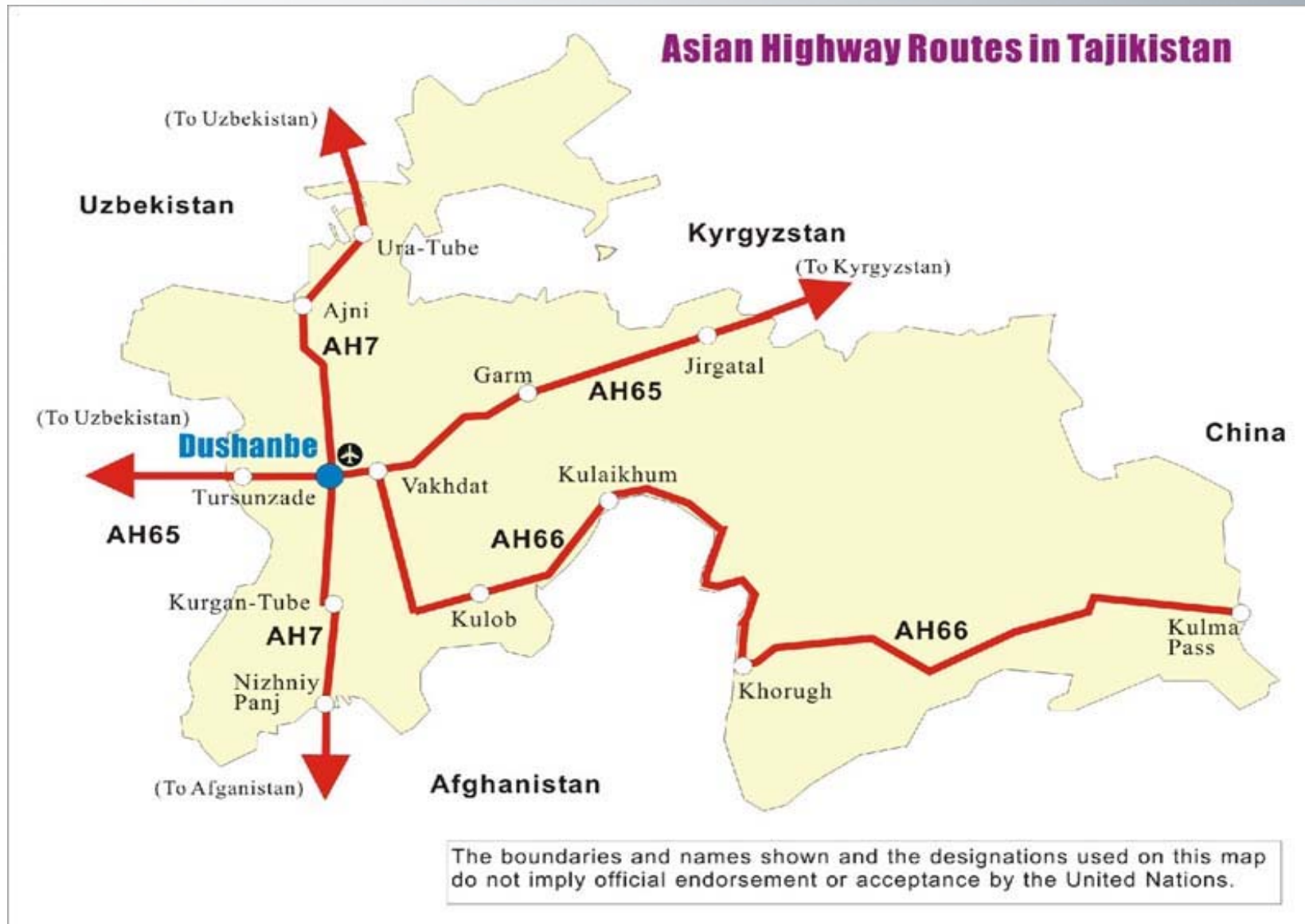


Road Transport

- Total Length of Roads : 30,563 km
- National management and planning under direction of Ministry of Transport and Communications (MoTC)
- MoTC is responsible for 13,700 km of roads
 - 4, 762 km Republican roads
 - 8,965 local roads (mainly networks in rural areas generally unfit for international transportation)

S/N	Road Classification	Lengths, km	Proportion, %
1	Concrete Pavement	3,903	28%
2	Bitumen Type	6,213	45%
3	Gravel, Improved Dirt	2,621	19%
4	Dirt Tracks / Earth	1,096	8%

Road Transport



Road Transport



- Three Asian Highways 7, 65 & 66 Traverse Through Tajikistan
- AH 7 forms the north south backbone
 - The road section between Dushanbe and Khuzhand along this AH7 pass through the mountainous range
 - Closed during winter – requires detour using Uzbekistan
 - The southern part leads through Kurgan-Tyube and Nizhniy Pyandzri, the gateway to Afghanistan
- AH 65 is an important artery for outbound goods that pass through Tursunzade, the gateway into Uzbekistan
 - To the east, the road connects Dushanbe to Garm, Jirgatal and then to Karamik, the gateway to Kyrgyz Republic
- AH66 in the longest section
 - Passes through Dushanbe, Kofarnihon, Kuylab, Murgab and Kulma Pass, the gateway to PRC.
 - Route poorly maintained - urgent need of rehabilitation and upgrading.

Road Transport



- Key issues affecting efficiency of road usage :
 - Maintenance backlogs have accelerated deterioration of asphalt roads: around 48% of national roads are in poor condition and 32% very poor
 - Outdated road design standards
 - Developed for vehicles of axle loads of 6 metric tons
 - Current axle loads of more than 10 metric tons now common in Tajikistan
- About 30% of the bridges do not meet the load-carrying requirements
 - 7% are estimated to be in critical condition.

Road Transport



TAJIK- AFGHAN NIZHNIY PYANDZRI BRIDGE

- The Tajik-Afghan bridge over the Nizhniy Pyandzri funded by USA (\$37.1 million); Norway also donated nearly \$900,000 for the bridge
- The Project includes Border Police Barracks, an Administration Building, a Dining Facility, a Drive-Through Scanner Building and a small Customs Facility.
- The bridge crosses the Pyandzri River between Sher Khan Bander, north Afghanistan, and Nizhniy Pyandzri, Tajikistan.
- The bridge provide the region with inter-connectivity between Dushanbe and sea port in Karachi, Pakistan.
- Positive influence on making AH 7 a new transport corridor that links Central Asia and South Asia. The journey from Tashkent to the port of Karachi will be less than 32 hours, for cargo transportation

Aviation Industry



- Air services in Tajikistan are limited to passenger traffic
- Air cargo volumes are minimal - 0.01% of total freight volume
- Tightly regulated and controlled by the state with no private sector involvement
- National carrier has Aging Fleet - reduces competitiveness
- Gradual loss of monopoly
- Constraints at the airports.
 - The airports are not efficiently operated
 - Lack equipment and tools
 - Shortage of storage space
 - Clearance documents and procedures not transparent and consistent with international standards

Logistics Sector & Services



- Limited number of logistics services providers
 - Most offer land transportation planning and operations.
- The key organization that runs road transport services is ABBAT.
- ABBAT national representative of road transporters
 - manages a large number of fleet of trucks
 - manages 7 land transport terminals
- All incoming vehicles crossing the border (regardless of final destination or in transit) are directed to ABBAT's terminals
- All incoming trucks are required to have permits. All drivers should carry visas

Role of National Association - ABBAT



- **Perform function of** registration of transport companies – function delegated by MoTC
- Implementation and management of the TIR convention procedure in the Republic of Tajikistan
- Responsible for the control of technical specifications and standards of means of transport.
- ABBAT issues the international licenses for transport activity (MoTC issues licenses for domestic transport activity)
- ABBAT checks and manage the presence of foreign trucks on the Tajik territory. Transit Tax imposed for (stay) and journey over 5 days

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Key Challenges

Impediments due to Physical Transportation



- **Rail an Important Transit Activity**

- Serviced by old locomotives urgently in need of maintenance and upgrading
- Electrification of rails abandoned owing to lack of funds

- **Road Transportation**

- Mountainous terrain makes road transport difficult
- Closure of road during the winter
- Detour through Uzbekistan (tunnel at Anzob will resolve this requirement)

- **Visa Requirement PRC/Tajikistan**

- No office issuing visa nearer the border. Visa application at Dushanbe
- Time Consuming and Costly to travel to Dushanbe (distance about 600 km)

- **Deconsolidation and Uploading**

- Containers from PRC deconsolidate at Khorog for travel to Dushanbe
- Uploaded to trucks owing to roads not able to cater for container traffic

Key Challenges

Impediments due to Operating Difficulties



- **Lack of Modern Vehicles**
 - Financing difficulties, extended use and poor road conditions combine to increase the rate of wear and tear of the transport vehicles
 - Trucking companies bought formerly state owned trucks, which are now obsolete
- **Lack of Modern Facilities**
 - Lack of organized storage facilities and material handling equipment such as forklifts, cranes and conveyors
 - Limited facilities offering chiller and freezer services
- **Lack of Full Service Logistics Service Providers**
 - The local operators are more cost competitive but frequently maintain unproductive assets due to poor maintenance and re-investment limitations
 - Inter-modal transport capability lacking
 - No legislation indicating the liabilities of the operators and they are expected to purchase their own insurance.

Key Challenges

Impediments due to Operating Difficulties



- **Financing Difficulties**

- Factor which limits logistics service providers to expand their scale and scope of services
- Trucking companies purchase their own trucks, which could be a second hand purchase of obsolete assets from the state
- Imports from overseas subject to relatively high VAT at 25% of the trucks' retail price, which ranges from US\$40,000 to US\$100,000
- Business owners find it difficult to apply for business such as overdraft, secure and unsecure loans; interest payments are also relatively high

- **Lack of Leasing Companies**

- Companies not able to purchase a new asset and might otherwise lease an asset have no choice
- Continue with using less productive trucks which actually increases operating costs due to lower fuel efficiency and need for higher monthly maintenance

Key Challenges

Impediments due to Operating Difficulties



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Key Challenges

Impediments due to Institutional Challenges



- **Lack of a National Plan**
 - The transport & logistics community are not aware of any national strategic plan for their industry containing government's decisions and policies on key problems, key actions and investment direction
- **Cumbersome Customs Procedures**
 - Document preparation and other related customs formalities to be accomplished leads to delay and increased costs
 - The time required to export a TEU requires 82 days while import takes 83 days
 - High cost of transporting goods deters intraregional trade

Key Challenges

Impediments due to Institutional Challenges



Trading Across Borders data	Doing Business 2007	Doing Business 2008
Rank	175	176
Documents for export (number)	10	10
Time for export (days)	82	82
Cost to export (US\$ per container)	3000	3000
Documents for import (number)	11	11
Time for import (days)	83	83
Cost to import (US\$ per container)	4500	4500

Key Challenges

Impediments due to Institutional Challenges



- **Long Delays in Border Crossing**
- **Limited Customs Facilities**
 - Customs “controlled” environment – physical examination not supported by use of modern technical aids
 - Lack sufficient storage facilities for storing items that require temporary quarantine
- **Fees for Escorts**
 - Escort services are provided by two organizations, the Customs Service and the State Motor Vehicle Inspectorate (SMVI)
 - Customs provides escort services for high value items; SMVI for DG (Dangerous Goods), bulky and heavy products
 - The charges for customs escort of goods and transportation means have been established at US\$3 per 10 km

Key Challenges

Impediments due to Institutional Challenges



- **Obstacles Posed by Uzbekistan**
 - One of the most critical challenges faced – the perceived obstructionist policy of Uzbekistan
 - Policy can be in the form of delays, physical inspection of cargoes and payment of “transit” fees
 - failure to comply with payments subject the truckers to seizure of the goods
- **Legal Changes to Free Trade/Special Economic Zone**
 - There is no free trade zone or special economic zone. Free zones can generate interest to promote cross border trade as well as increase the capacity and capability of local manufacturing.

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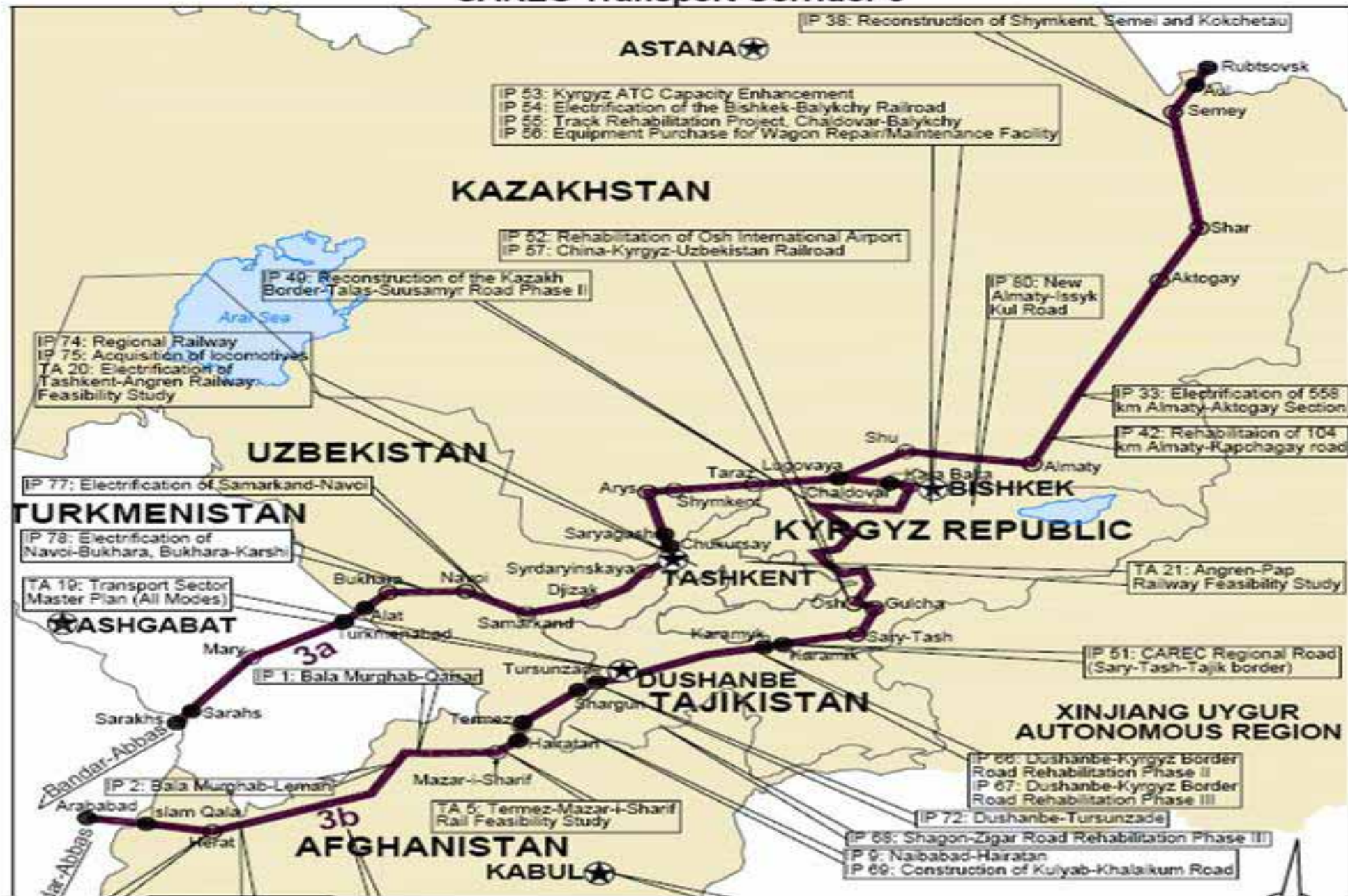
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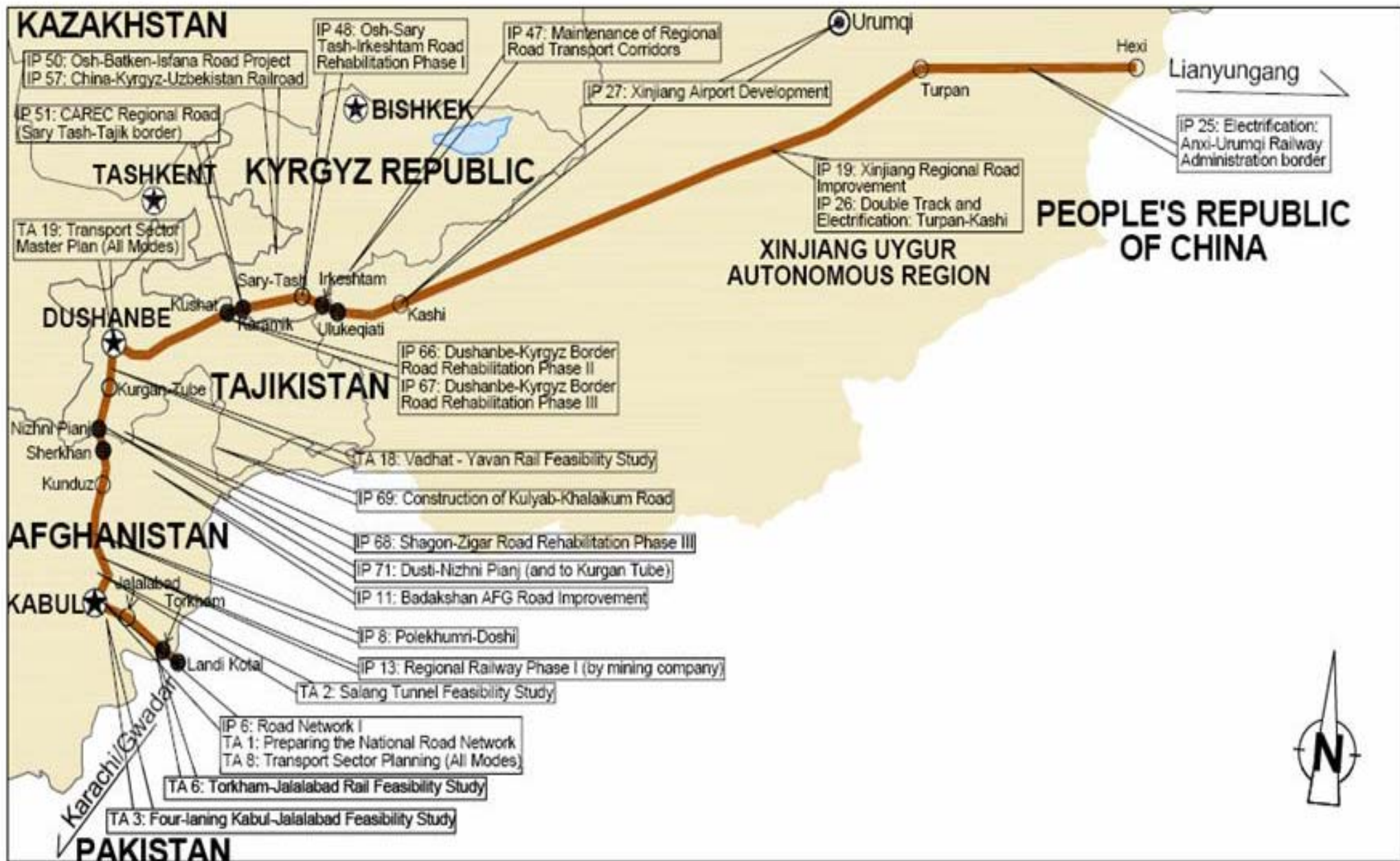
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CAREC Transport Corridor 3



CAREC Transport Corridor 5



Implication of Transport Corridors



- **Six Transport Corridors Identified**
- **Of the six corridors, Corridors 3 and 5 are most important to Tajikistan**
- **However, the trade and transport movement of goods have to be considered in relation to the role that can be played by Tajikistan**

Implication of Transport Corridors



Movement from PRC to Europe

There are two main modes of transport

- By Sea

- Internal movement through its own territory to ports at Tianjin, Lianyungang, Shanghai or Shenzhen, then by vessel to Europe (Average 45 days)

- By Rail/Road

- By land (road or rail) using the Trans-Siberian Railways (mainly via Russia) or the Euro Asia Railways (from XUAR to Kazakhstan and CIS to Eastern Europe). Alternatively by rail passing Kashgar in XUAR, to Kyrgyzstan and Uzbekistan.

Implication of Transport Corridors



Movement from PRC to Europe

- This route has little bearing on Tajikistan
- Goods can only move by road from Kashgar to Kulma Pass
- Long distance travel where rail transport is more cost effective is unlikely to travel through Tajikistan due to a lack of rail connectivity
- Most international traffic will travel to the north of Dushanbe, bypassing the capital

Implication of Transport Corridors



Movement From Russia to South Asia and Middle East

- This route originates from Moscow or Novosibirsk in Russia and travel by rail or road southwards
- The route passes through Astana, Bishkek, Tashkent and end at Karachi in Pakistan, or Bandar Abbas in Iran
- From there, the goods will travel by sea to Southeast Asia or Middle East
- Disadvantage of this route is too many border crossings
- Russia can alternatively use the sea route through the port of Vladivostok, where goods will travel by sea to the Far East
- The lack of a north-south railways in Tajikistan means that international traffic will travel to the west of Dushanbe, bypassing the capital

Implication of Transport Corridors



Movement From PRC to South Asia and Middle East

- This links the economy of PRC to Afghanistan and Pakistan, as well as a gateway to the Middle East.
- PRC goods move from inland to Kashgar and to Kulma Pass by road
- The goods then travel to Dushanbe, where it can be put onto containers and travel to Afghanistan and Pakistan, ending at Karachi to continue the next leg using vessels.

Implication of Transport Corridors



- Due to the current lack of a complete intermodal solution, Tajikistan is not ready to capitalize the current trade flows along major transport corridors.
- A viable direction is to be a regional link for the neighbouring countries of Afghanistan, Pakistan and PRC. This requires institutional reforms and operational improvements.

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Recommendations



Strategic Intent :

Promoting a new corridor linking PRC and South Asia

Strategic Thrusts :

Strengthen the connectivity of Tajikistan, especially Dushanbe as an inter-modal centre and regional centre through institutional reforms, operational improvements and investing in prioritized public transport infrastructure proposals.

Recommendations

Prioritized Investment Proposals for Rail



S/N	Proposals	Length, KM	US\$, millions
1	Upgrade of Kolkhozobod – Nizhniy Pyandzri section	121	119
2	Construction of rail between Kofarnihon – Yavan	46.3	170
3	Electrification of lines / Use of Electrical Locomotives between Bekabad – Kanibadam	-	110
4	Purchase of new diesel locomotives	15 units	60
5	Purchase of new passenger wagons and upgrade of old ones	100 new 180 old	115
6	Purchase of 180 rail wagons for cargo transport	2,000	110
7	Upgrade of general rail infrastructure, signals and systems	-	20
8	General Rehabilitation of Railways	142 km	29
		Total	733

Recommendations

Prioritized Investment Proposals for Road



S/N	Proposals	Length, KM	US\$, millions
1	Rehabilitation of Roads along to Khujhand	311	296
2	Rehabilitation of Roads along to Tursunzade	64	54
3	Rehabilitation of Roads along Ajni to Pendzhekent	113	29
4	Rehabilitation of Roads along Kurgan-Tyube to Dusti	60	22
5	Rehabilitation of Roads along Farkhar to Pyandzh to Dusti	133	28
6	Rehabilitation of Roads along Khorog to Rastkala to Tukazbulok	-	5
		Total	434

Recommendations



S/ N Proposals	
1	Construction of Warehouses in Airports
2	Procurement of Material Handling Equipment (MHE) for the storage, movement and loading/unloading of bulky items, palletized goods and non- palletized products.

Recommendations

Institutional Reforms



1 ***Establish Tajikistan National Logistics Council***

- This establishes a public private cooperation mechanism to better coordinate the overall direction and facilitate dialogue between the public and private organizations
- This new entity provides a structured channel of communication where key decisions are agreed
- Serves as a focal point for information dissemination on important reforms, investment proposals and liaison with external organizations, such as World Bank and Asia Development Bank

Recommendations

Institutional Reforms



2 *Develop a National Transport and Logistics Master-Plan*

- Council can be tasked to create a master-plan for the transport and logistics sector
- The master-plan should be the outcome of a series of consensus and reviews that gather the opinions of the Council's members and put into an actionable plan
- Clear roles and responsibilities are spelt out with a defined time line for tasks to be completed
- To commission a time-cost-distance study facilitated by the UNESCAP Transport Division to study the efficiencies and identify bottlenecks along major transport corridors. Such study will give the Council a valuable set of data for their overall planning of transport and logistics systems and networks in the country, as well as determining the direction of regional cooperation

Recommendations

Institutional Reforms



3 *Dialogue with Uzbekistan*

- Uzbekistan perceived obstructionist policy, inconsistent customs practices and unfair treatment of Tajik drivers is a critical issue to be resolved
- Uzbekistan cooperation is vital as Tajikistan's major transport corridor to the European market pass through Uzbekistan
- Renewed discussion must be launched at a bilateral levels or a multilateral platform such as the TRACECA.

Recommendations

Institutional Reforms



4 *Joint Township Development with PRC at Kulma Pass*

- PRC, due to its large market size and economic influence, can play a significant role in Tajikistan development
- Already, many Chinese businesses are active in Tajikistan in the area of retail, wholesale and construction
- A landmark project signifying the bilateral ties with both countries is a joint customs free town at the border between two countries
- This border town is a joint development between two countries where the locals can go into the town for purchasing duty free goods, barter, procure hard to find items and exhibit their merchandize

Recommendations

Institutional Reforms



5 ***Tri-Lateral Transport Agreement between PRC, Pakistan and Afghanistan***

- A multi-lateral transport agreement that includes Pakistan can encourage even greater free flow of goods and passengers
- A transport corridor that links Karachi to Kabul to Dushanbe to Kashgar can be developed
- This will require diplomatic actions from these governments as well as investing in multi-modal transport, where containerization will become important
- A possible future plan can include Iran, where the port of Bandar Abbas can be an alternative seaport for goods coming out from PRC.

Recommendations

Institutional Reforms



6 *Explore Possibility of Visa Application Centre at Murgab or Khorog*

- This is to consider the streamlining of the process by setting up a Chinese consulate office in say, Khorog or Murgab so that it is faster and cost effective to travel to PRC
- The National Logistics Council can set a working committee team to explore this suggestion. The group must also include representatives of other government agencies such as state border control authorities, customs and the Ministry of Foreign Affairs to reach an agreement

Recommendations

Institutional Reforms



7 ***Ratify Free Trade and Free Economic Laws***

- Develop legislation on free zones
- Initiatives such as the joint township and future development of SEZs will rely on the enactment of these laws
- The National Logistics Council can be active in driving this initiative

Thank you

